

2014 Business Formations in Missouri



Top Ten Business Formations

Social Assistance employers accounted for nearly 45% of all formations and include services such as in-home caretaking and cooking. *Professional, Scientific & Technical Services*, which include engineering and scientific services, legal and accounting firms, and information technology services, accounted for 7.8% of all the formations. Below is a list of the top ten industries for new business formations:

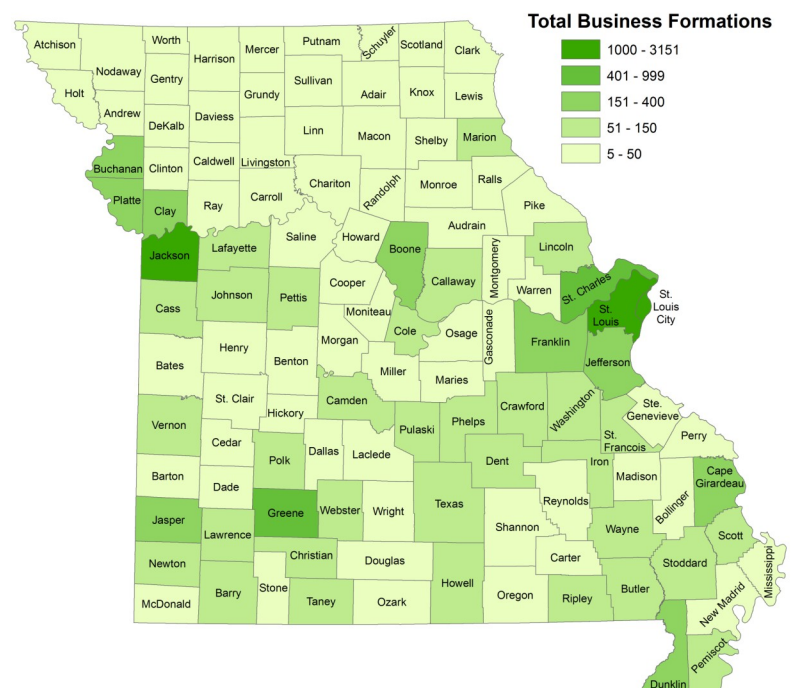
1. Social Assistance
2. Professional, Scientific, and Technical Services
3. Administrative & Support Services
4. Wholesale Electronic Markets & Agents and Brokers
5. Food Services and Drinking Places
6. Specialty Trade Contractors
7. Construction of Buildings
8. Ambulatory Health Care Services
9. Private Households

New businesses bring industry diversity and job growth to a state and serve as major engines for economic growth. Research has shown a positive relationship between levels of entrepreneurial activity and economic growth across counties.

17,509 Business Formations

Missouri had 17,509 new business formations in 2014 which was a 2.3% increase from 2013 total business formations. It is an increase of 9.6% from 2012 total new business formations. Formations occurred in every Missouri county but the metropolitan population centers of St. Louis, Kansas City and Springfield led with the most formations. Over 55% of Missouri counties had an increase of new business formations over the previous year's total. 30 counties had a double-digit percentage increase of business formations from 2013 to 2014 with the largest increases in: Ray (78%), Webster (71%), Adair (57%), Iron (55%), and St. Louis City (35%).

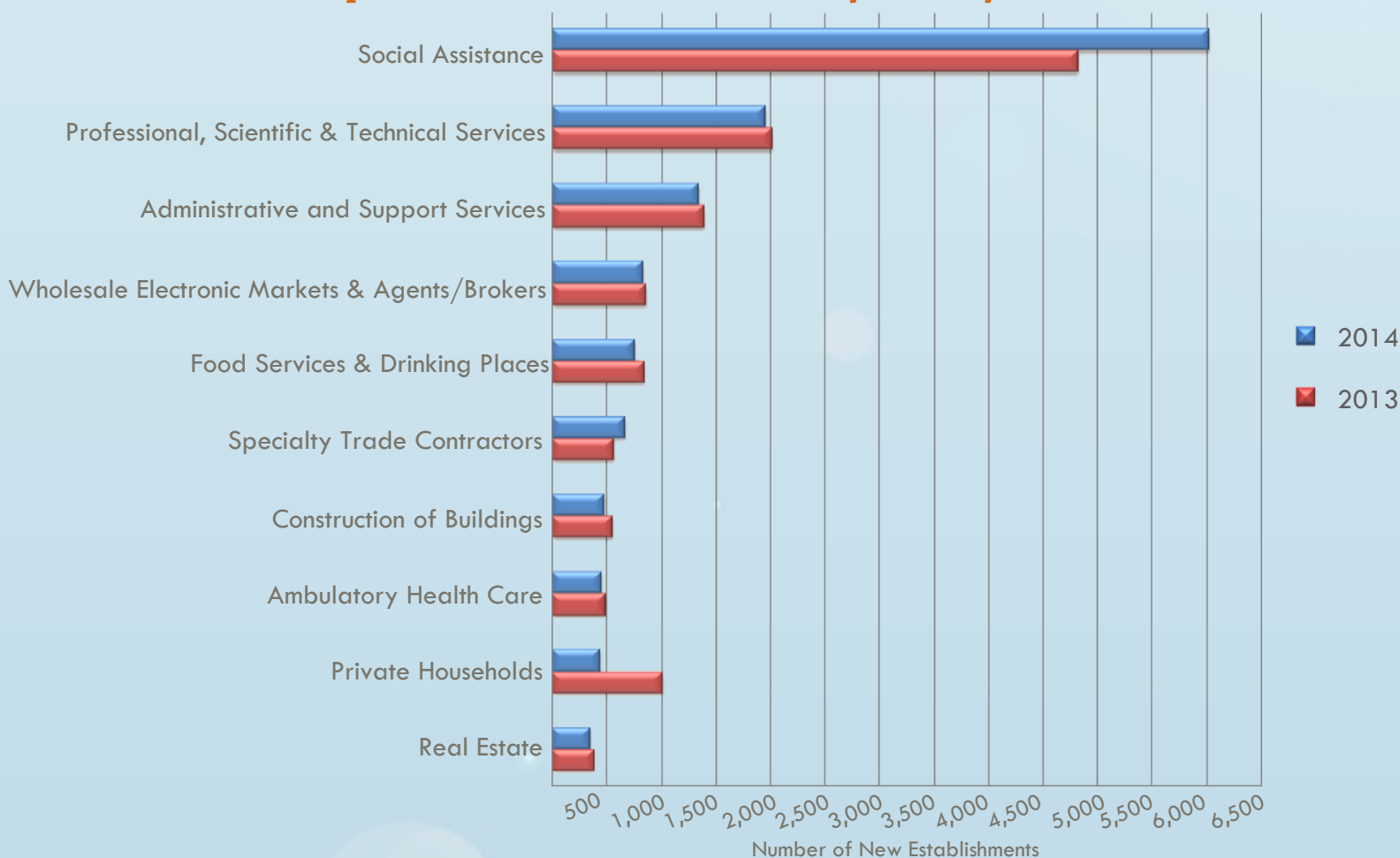
2014 New Businesses by County



New Business by Industry

The chart below shows, by count, the top ten industries for new business formations in Missouri. The only top five industry in number of business formations, *Social Assistance*, had an increase in business formations from the previous year. *Specialty Trade Contractors* business formations grew nearly 19% from last year. It was the industry's first increase in five years. *Specialty Trade Contractors* are establishments who primarily perform specific construction activities (e.g. pouring concrete, site preparation, plumbing, painting, and electrical work). Industries that saw growth outside of the top ten industries were *Miscellaneous Store Retailers*, *Repair and Maintenance*, and *Insurance Carriers and Related Activities*.

Top Ten New Business Formations by Industry Sector



Regional Distinctions

Health Care and Social Assistance, *Private Households*, *Professional, Scientific and Technical Services*, *Construction*, and *Food Service and Drinking Places* were the top categories for new formations across state economic regions. Some industry distinctions, however, can be drawn between the regions.

The *Health Care and Social Assistance* industry sector accounted for the largest share of business formations in every region of the state, ranging from 26.3% in the Greater Springfield Region to 64.1% in Southeast Missouri. For major metropolitan regions, the *Professional, Scientific, and Technical Services* industry sector had the largest shares of business formations with the Greater Kansas City at 10.3%, the Greater Springfield at 9.1%, and Greater St. Louis regions at 8.1%. The Central, North Central, Northwest, and Upper South Central regions of the state all saw the *Construction* sector boast the second largest share of business formations of 12.4%, 12.9%, 10.3%, and 13.1% respectively. Larger than any other region the Lower South Central Region of the state had 6.1% of business formations in the *Transportation and Warehousing* industry sector.

Rural/Urban Manufacturing

Missouri's manufacturing industry is a significant part of state's economy, especially in rural regions of the state. Rural counties are defined as counties that are not a part of a Metropolitan Statistical Area (MSA) for this analysis. There were 242 *Manufacturing* industry business formations in 2014, of which 70 were in rural counties and 172 were in urban counties. As a percentage split, rural counties accounted for approximately 29% of manufacturing business formations, while urban counties accounted for approximately 71%. When comparing manufacturing business formations with overall business formations, the percentage split for rural counties is 23% and 77% for urban counties.

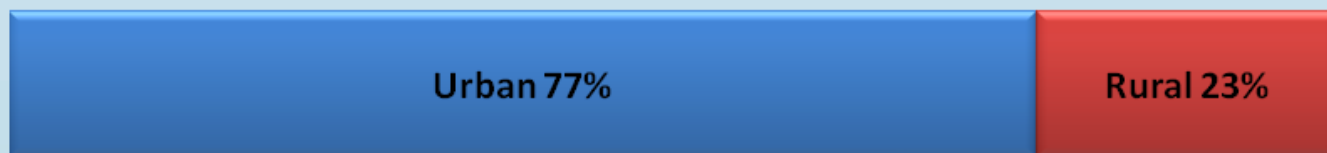
The manufacturing industry subsectors with the largest employment in rural counties in 2013 were *Food Manufacturing*, *Machinery Manufacturing*, and *Transportation Equipment Manufacturing*. The location quotient (LQ) for the respective industries above were 2.94, 2.30, and 1.42. This quotient describes how concentrated an industry is with 1.00 being the national average. The high LQ, along with the large employment figures, suggests these sub industries are highly concentrated and form a region's economic base.

Percentage Split of Manufacturing and Other Business Formations By Region

242 Manufacturing Business Formations by Urban vs. Rural Counties



17,509 Total Business Formations by Urban vs. Rural Counties



2013 Top Five Rural Manufacturing Sub- Industry Location Quotients

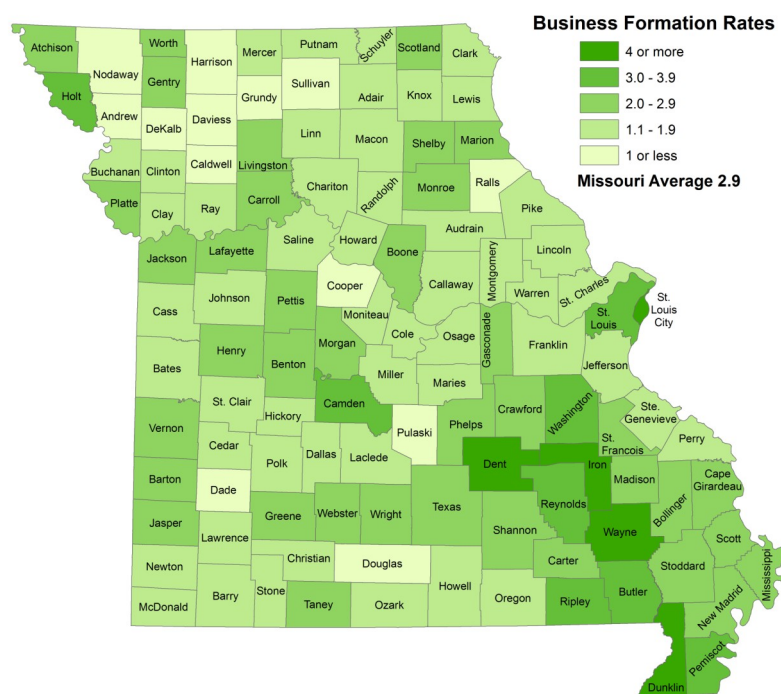
NAICS	NAICS Title	Location Quotient
321	Wood product manufacturing	4.25
311	Food manufacturing	2.94
333	Machinery manufacturing	2.30
332	Fabricated metal product manufacturing	1.47
336	Transportation equipment manufacturing	1.42

Formation Rates Show High Activity in Southeast Missouri

Total business formation tends to be highest in urban areas with high population density. The map below shows new business starts (per 1,000 people) for each county in Missouri. This map shows business growth as standardized by population, thus making it possible to identify rural counties with high relative business growth.

The statewide average new business formation rate of 2.9 increased 0.1% from 2013, and continues the trend of annual growth. The counties of Southeast Missouri continue to show a higher business formation rate than the rest of the state with counties such as Dunklin, Iron and Wayne having business formation rates of 6.1, 5.7, and 4.3 respectively. Four counties increased their 2014 business formation rate by one or more percent over their 2013 rate: Howell by 2%, St. Louis City by 1.5%, Worth by 1.4%, and Moniteau by 1%.

New Businesses Per 1,000 in Population



The Missouri Economic Research and Information Center (MERIC) monitors new business formations through unemployment insurance accounts established in the state. This allows MERIC to gauge the number of new, non-farm businesses by industry and county detail.

Business data is derived from the Quarterly Census of Employment and Wages, a cooperative program between the Bureau of Labor Statistics and state labor market information centers, that monitors employing businesses.

Non-employer businesses, such as sole proprietors, are monitored through a U.S. Census program that uses administrative data, chiefly IRS returns, to develop statistics. Non-employer businesses account for less than 4 percent of all sales but do account for the largest number of businesses. More information is available at:

www.census.gov/econ/nonemployer/

